



On Track

Update from the Alaska Canada Rail Link Feasibility Study

Welcome to On Track – your monthly news update from the Alaska-Canada Rail Link Feasibility Study project office in Whitehorse, Yukon.

Since January's issue, the Feasibility Study continues to generate great interest from communities, companies and organizations throughout Canada and Alaska.

Recently, the project was represented at the 2006 Mineral Roundup in Vancouver, B.C. and the study is transitioning from Stage 1, the market and technical analysis, to Stage 2, the financial and public interest analysis.

Your thoughts and feedback are providing the project with invaluable insight and you will find answers to some of your queries in the updates FAQ feature.

To receive On Track, please email Project Communications Coordinator, Amanda Leslie at amanda@amandaleslie.ca.

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Mineral Roundup 2006 – Vancouver, B.C.

January 23 to 26, 2006 marked the 23rd Annual Mineral Exploration Roundup in Vancouver, presented by the Association for Mineral Exploration British Columbia (AME BC).

Considered one of the world's premier mineral exploration events, this year's conference, entitled "Striving for Excellence in Exploration," brought together approximately 5,000 industry leaders, explorationists, prospectors, investment advisors, suppliers and students.

Project Manager Kells Boland attended this year's event.

His presentation, Crossing Canada's Other Border – Northern Perspectives on a Multi-Use Trans Border Corridor through Canada to Alaska, was received by numerous conference attendees, including members of the Yukon Infrastructure Alliance and the Yukon Mineral Advisory Board.

Hot Off the Presses – January News

Stage One of Rail Link Study Nears Completion

Monday, January 30, 2006

WHITEHORSE – With the dawn of a new year, the Alaska-Canada Rail Link Feasibility Study, underway for approximately six months, is advancing toward the results of its market and engineering assessments.

These assessments, referred to as Stage 1, comprise the first two parts of the study's four-part market, technical, financial and public interest analysis.

"The results of Stage 1 will cap the most comprehensive research of northern railway prospects since a 1942 U.S. Government survey conducted during the construction of the Alaska Highway," said Project Manager Kells Boland. "From this grass-roots research, starting this spring in Stage 2 we will be able to address the critical question of financial feasibility along with public interest issues."

The results of the market analysis will quantify the existing market for transportation from Alaska to northern B.C. through the Yukon; quantify potential future markets, including resource development, pipeline construction and passenger traffic; and estimate potential rail revenue from those markets.

The results of the technical analysis will assess the technical feasibility of building and operating a railway over various routes in Alaska, the Yukon and B.C.; research alternative modes of transportation and routes that are or could be available to shippers; and develop life-cycle costs for all of the alternatives.

"With its conclusion this coming summer, the completed study will provide sound economic and engineering information to build a 'business case' for investors," continued Boland. "If the business case cannot support rail construction right away, the study will nevertheless provide a comprehensive body of knowledge to support future transportation planning in the north."

Over one million dollars in contracts was awarded last fall for this first stage of the study. Approximately 45 per cent went to Yukon companies.

A joint initiative of the Yukon Government and the State of Alaska, the study is scheduled for completion in the summer of 2006.

For more information and news about the Alaska-Canada Rail Link Feasibility Study, please visit www.alaskacanadarail.com.

Yukon Mineral Exploration Tax Cut Continues

January 24, 2006

WHITEHORSE – The Yukon government is continuing the Yukon Mineral Tax Credit (YMETC) program to March 31, 2007.

“Yukon’s mineral exploration tax credit has proven to be very successful.” Energy, Mines and Resources Minister Archie Lang said. “It has helped pave the way for upcoming mine developments in the territory and to rejuvenate our mining sector. Government will continue to offer it with a limit on the refundable amount a company is eligible to receive.”

The Yukon Mineral Exploration Tax Credit is a refundable corporate and personal income tax credit of 25 per cent of eligible exploration expenses for off-mine site exploration. It was introduced in 1999 to stimulate exploration during the last mining downturn.

The Yukon government committed to examine the YMETC if market conditions improved and exploration spending exceeded \$30 million.

“Now that we’ve reached that threshold and anticipate exploration spending to be in the \$50 million range in 2005 we have begun a full assessment of the program,” Lang said. “The success of our mineral tax credit program, combined with the rebound in exploration, lead to us putting a cap of \$300,000 on the amount a company will be able to receive for work undertaken in the upcoming year.”

Generally, Yukon’s overall tax regime is competitive with the rest of the country. However, as a number of mineral projects move from exploration to the production and development phase, the Yukon government is looking at new options for mining tax policies and incentives to support mining at those stages.

For more information, please visit www.emr.gov.yk.ca.

Sherwood Receives Conditional Approval to Accelerate Warrant Exercise

Thursday, February 2, 2006

VANCOUVER, BRITISH COLUMBIA – Sherwood Copper Corporation (SWC: TSX-V) is pleased to announce that it has received conditional approval from the TSX Venture Exchange (the “Exchange”) for approval of an incentive program to encourage the early exercise of 8.9 million warrants (“June 2007 Warrant(s)"). Final approval requires consent of two-thirds of the holders of the June 2007 Warrants.

As announced January 26, 2006, in order to encourage the early exercise of the warrants, Sherwood will be seeking an amendment to the terms of the June 2007 Warrants to enable the holder to receive a unit consisting of a common share and an additional half warrant (each whole a “New Warrant”) for each June 2007 Warrant exercised prior to the expiry date of the incentive program.

Provided the required warrant holder approvals have been received, Sherwood expects to give notice to the June 2007 Warrant holders in early February providing for exercise of a 10-day period thereafter. The June 2007 Warrants were issued as part of a financing completed in June 2005 and can be exercised at \$1.40 until June 7, 2007.

The proceeds from the warrant exercise would be used to fund capital requirements related to the development of a mine at the Minto project, including certain major activities that may be undertaken ahead of the delivery of the final feasibility study, including pre-stripping and placing deposits on long lead time items needed for operations.

The incentive program is subject to approval by two thirds of the June 2007 Warrant holders.

“Sherwood will now proceed to obtain warrant holder approval for the early exercise of the warrants,” said Stephen Quinn President & CEO of Sherwood Copper. “Early exercise of the warrants would generate sufficient funds to allow Sherwood to make commitments in respect of the development of the high grade Minto copper-gold project that could result in a mine opening several months early than originally forecast, while reducing the overall dilution to shareholders versus a new financing,” he said.

The Minto Project is a high-grade copper-gold deposit located in the Yukon Territory of Canada. In the late 1990s, a feasibility study was completed by prior owners, permits obtained and construction of an open pit mine commenced.

During that period, the mill foundations were poured, the ball and SAG mills were purchased and moved to site, the mine accommodations were constructed and the site was connected to a permitted Yukon River crossing by a 29 km production standard access road. Construction was suspended after expenditures of approximately \$10 million, due to depressed copper prices.

All of this infrastructure has been well maintained and would be available for future operations. The Type A and Type B Water Licenses were recently renewed and permit a resumption of construction once a production decision has been made.

As announced June 27, 2005 and prior to the 2005 drill program, the Minto Project contained measured and indicated resources of 9.2 million tons at a grade of 1.8% copper, 0.016oz/t gold and 0.2oz/t silver, and an additional inferred resource of 0.8 million tons grading 1.4% copper, 0.013oz/t gold and 0.2oz/t silver.

For more information, please visit www.sherwoodcopper.com.

Yukon Ports Access Strategy

The Yukon Ports Access Strategy Study is underway, with Project Manager Roy Matson in place and consultants hired to examine relevant short-term tidewater access for Yukon shippers – specifically the ports of Skagway, Haines, and Stewart/Hyder.

Although separate in focus and scope, both the Alaska-Canada Rail Link Feasibility Study and the Yukon Ports Access Strategy Study have complimentary aspects and will share, rather than duplicate information.

FAQs...

Q: Have you considered the Alaska-Canada Rail Link as a major component in the Inter-Hemispheric Rail connection between the Asian and North American continents?

A: Interest in a rail link from Alaska to Asia has existed since the completion of the Trans-Siberian Railway in 1903, leading to the incorporation of the Trans-Alaska-Siberia Railway Company in 1906. Discussion has more recently entertained linking the North American rail network westward via a tunnel under the Bering Strait to eastern Russia, however, this route is not being examined in the ongoing Alaska-Canada Rail Link Feasibility Study.

The Feasibility Study IS researching the global demand and North American capacity for international container traffic through west coast ports.

This examination entails the analysis of long term service adjustments to accommodate shifting port/rail dynamics and the potential for shortfalls along traditional trans-pacific trade routes.

Q: Is the feasibility study looking at including passenger rail service between Alaska and Washington, at least in during the summer months?

A: Yes, as part of the Feasibility Study’s market analysis, referred to as Stage 1, tourism travel statistics and trends in Alaska and Yukon are currently being researched, including air, cruise ship, rail tour, tour bus and camper travel.

Please refer to the study’s Work Breakdown Schedule – Stage 1, Market Analysis (Work Package A3c) at www.alaskacanadarail.com.

We Want to Hear From You

Informing, including and receiving input from your organization or community is crucial to the success of the Alaska-Canada Rail Link Feasibility Study.

Please let us know what is foremost on your minds regarding the project and we will be happy to address your inquiries and concerns in subsequent issues.

E-mail your thoughts and comments to Amanda at amanda@amandaleslie.ca or call 867•456•3862.